



CITY OF DURHAM | NORTH CAROLINA

Date: April 5, 2011

To: Thomas J. Bonfield, City Manager
Through: Keith Chadwell, Deputy City Manager
From: Mike Barros, Director
Department of Community Development
Subject: Approval of the FY 11-12 Annual Action Plan

Executive Summary

On April 18, 2011, the Durham City Council will hold a public hearing to receive citizen comments on the Draft FY 11-12 Annual Action Plan for the use of Community Development Block Grant (CDBG), HOME Investment Partnerships Program (HOME), Emergency Shelter Grant (ESG) and General Funds.

The regulations of the U.S. Department of Housing and Urban Development (HUD) require that the approved Annual Action Plan be received in the respective HUD Field Offices no later than May 15.

Recommendation

The Department of Community Development recommends that City Council approve the FY 11-12 Annual Action Plan for the use of CDBG, HOME, ESG and General Funds for submission to the U.S. Department of Housing and Urban Development (Attachment A), authorize the City Manager to execute all administrative requirements and contractual documents necessary for implementation of the Annual Action Plan to include all CDBG, HOME and ESG program agreements and related documents, adopt the City of Durham/U.S. Department of Housing and Urban Development Community Development Block Grant project ordinance in the amount of \$2,072,053.00 (Attachment B), adopt the

City of Durham/U.S. Department of Housing and Urban Development HOME Investment Partnerships Program grant project ordinance in the amount of \$1,478,703.00 (Attachment C), and adopt the City of Durham/U.S. Department of Housing and Urban Development Emergency Shelter Grant project ordinance in the amount of \$84,200.00 (Attachment D).

Background

As an entitlement city, Durham has been the recipient of CDBG funds since 1975 and HOME Consortium funds since 1992. CDBG funds have primarily been used for housing activities, public services, code enforcement, public infrastructure, and administration. HOME Consortium funds have been used for affordable housing activities as required by HOME program regulations. Currently, the Consortium does not qualify as a HOME participating jurisdiction and cannot receive a FY 11-12 HOME allocation. For FY 11-12 only the City will be eligible to receive a HOME allocation. The City has also been a recipient of Emergency Shelter Grant (ESG) funds from HUD, which have been used to provide assistance to individuals and households who are homeless or at risk of becoming homeless.

The Annual Action Plan is Durham's application to HUD for the upcoming fiscal year's funding and outlines the actions Durham is taking with HUD-awarded funds to meet the goals as described in the 2010-2015 Five Year Consolidated Plan. HUD regulations require that the City submit the Council-approved Annual Action Plan by May 15th.

The Five-Year Consolidated Plan identified the following priorities for housing related activities:

1. Neighborhood Revitalization;
2. Housing for Persons with Special Needs.

Issues/Analysis

Both CDBG and HOME funds are used to support ongoing homeownership, housing rehabilitation/repair, code enforcement and other initiatives administered by the Department of Community Development and the Department of Neighborhood Improvement Services. The balance of that funding and the ESG funding received are allocated through a competitive application process. An advertised application workshop was held on December 14, 2010 with an initial submission date of January 27, 2011. As a result of input received at the January 18, 2011 Needs Public Hearing, the submission date was extended until February 25, 2011.

All applications for CDBG, HOME, ESG, and General funding were evaluated by Community Development project managers based on the established review criteria delineated in the respective application guidelines. Project managers then presented their individual evaluations concerning the strengths and weaknesses of the applications to an internal Departmental panel consisting of the Assistant Director for Production and project managers. In addition to discussing the strengths and weaknesses of each application, the panel took into consideration such factors as the cumulative 15% cap on CDBG funding for public services, the minimum 15% set aside requirement for HOME CHDO funding and funding caps internal to the ESG program.

A recommended budget was then presented to the Director of Community Development and subsequently forwarded to the City Manager. The funding recommendations for the three HUD entitlement programs and General Funds were also presented to the Citizens Advisory Committee (CAC) and discussed at their March 28, 2011 meeting.

Alternatives

In order to receive CDBG, HOME and ESG funds and remain in compliance with federal regulations, the participating jurisdiction must hold two public hearings prior to the submission of its Annual Action Plan in May to HUD. The only flexibility that the City has is in determining the dates for the public hearings. Failure to approve and submit the Plan to HUD before May 15, 2011 will jeopardize the receipt of funding.

Financial Impact

The City will be required to provide a 25% match (non-federal funds) to the total amount of HOME fund used directly for affordable housing activities. The FY 11-12 required match will be approximately \$289,194.00. The match requirement has already been met by carry-over from prior fiscal years.

The required \$84,200.00 ESG match will be met in two ways. ESG subrecipients are required to provide a cash or in-kind match as per the program regulations. The match for the Department of Community Development administrative allowance is general funds used for staff salaries to support those functions.

SDBE Summary

Not applicable to this item.